Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network

Required Report - public distribution

Date: 12/7/2001

GAIN Report #CA1172

Canada

Solid Wood Products

Annual

2001

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Report Highlights:
While there was good demand in the first half of 2001 in both the domestic and export markets, softwood inventories are at very high levels. This factor, in combination with the duties imposed by the United States on softwood imports from Canada in August and October 2001, are expected to slow production considerably down in the second half of the year, resulting in an overall decline in production of three percent to an estimated 66.5 million m^3. Mill closing and uncertainty in the market resulting from the ongoing negotiations to resolve the softwood lumber dispute are expected to further reduce softwood lumber production for 2002. For trade, the United States continues to be the primary market for Canadian wood products, with Japan coming in a distant second.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Ottawa [CA1], CA

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Section 1. Introduction

According to the 2000/2001 publication of *The State of Canada's Forests* from Natural Resources Canada, Canada extends over 997 million hectares in total, of which 921.5 million hectares is land area. Temperate and boreal forests cover nearly half of Canada's land mass. Of the 417.6 million hectares of forests in Canada, 234.5 million hectares are considered "commercial forests" -- capable of producing commercial species of trees as well as other non-timber benefits. The non-commercial forest land (183.1 million hectares) is made up of open forests comprising natural areas of small trees, shrubs, and muskegs.

Roughly 0.4 percent, or about one million hectares, of Canada's commercial forests are harvested yearly. Each province/territory establishes Annual Allowable Cut (AAC) levels, which are based on the average volume of wood which may be harvested under sustained yield management. More than half of the area harvested is left to regenerate naturally, usually after some form of preparatory site treatment. The remaining areas are seeded or planted. Roughly 0.5 percent of Canada's forests are affected by fire, insects, and disease each year and they are also left to regenerate naturally.

Canada is unique in that 94% of the nation's forests are publicly owned. Under the Canadian Constitution, the provinces have ownership and legislative authority over most publicly owned forest land -- 71% of the total forest land. The federal government's responsibility for forests is based on its ownership of 23% of Canada's total forest land, most of it in the territories. (The federal government devolved responsibility for management of forests within the Northwest Territories in 1986. A similar transfer is being finalized with the Yukon. Responsibility for the management of forests previously within the Northwest Territories, prior to the creation of Nunavut, was included in the 1999 agreement under which Nunavut was created. The federal government still owns this land.)

Six percent of Canada's forest land is owned by an estimated 425,000 individuals, families, communities, and forest companies. These privately owned forests, of which 80% are located east of Manitoba and mostly in the Maritime provinces, are generally productive and considered to be of high quality. These private forests are the source of 19% of Canada's industrial roundwood production (i.e., logs, bolts, and pulpwood), 77% of maple products, 79% of fuelwood and firewood, and virtually all of the nation's Christmas trees.

Today, each province and territory has its own legislation, regulations, standards, and programs through which it allocates forest harvesting rights and management responsibilities. In addition, many provinces and territories have legislation that requires public participation as part of the forest management planning and allocation processes. The broad spectrum of forest users --the public, forest industries, Aboriginal groups, and environmental organizations -- are consulted to ensure that recreational, cultural, wildlife, and economic values are incorporated into forest management planning and decision making.

Section 2. Production

2.1 Softwood Logs Situation/Outlook

Using historical softwood log production data from the Natural Resources Canada National Forestry Database Program, Canadian Council of Forest Ministers, and historical softwood lumber production from Statistics Canada a lumber/log ratio was applied to the 2000 calendar year and 2001 year-to-date Statistics Canada softwood lumber production data to infer 2000 softwood log production and make an estimate for 2001. Production in 2000 is 163.0 million m³, down about two percent from 1999 levels due to additional mill closures on the British Columbia (BC) west coast. Post estimates that there will be additional reductions in softwood log production for 2001 and 2002 following the expiration of the Canada-U.S. softwood lumber agreement. Based on eight months of trade data, imports for 2001 are expected to be relatively unchanged while imports for 2002 are forecast to be 10% lower relative to 1999 levels due to increased 2001 production. Exports for 2001 based on eight months of data from Statistics Canada are expected to be up almost eight percent over 2000 levels and post estimates that exports in 2002 will drop almost 11% due to reduced supply.

Table 1: Supply and Distribution - Softwood Logs

PSD Table						
Country	Canada					
Commodity	Softwood Logs				UOM: 1000 m³	
	Revised	2000	Prelimin.	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	166,000	163,000	167,000	157,000	0	156,000
Imports	4,600	4,521	4,000	4,600	0	4,700
TOTAL SUPPLY	170,600	167,521	171,000	161,600	0	160,700
Exports	2,600	2,595	3,000	2,800	0	2,500
Domestic Consumption	168,000	164,926	168,000	158,800	0	158,200
TOTAL DISTRIBUTION	170,600	167,521	171,000	161,600	0	160,700

2.2 Softwood Lumber Situation/Outlook

According to the first eight months of available production data from Statistics Canada for 2001, post extrapolates that softwood lumber production will total 68.6 million m³, down slightly from 2000 levels. For 2002, post forecasts a decrease in production to 63.0 million m³ due to mill closures in BC and reduced export opportunities. On the trade side, using eight months of available data, imports for 2001 have been revised downward by more than 20% to 600,000 m³, while exports have been revised downwards by about 2.0 million m³ to 46.6 million m³. Using eight months of trade data available from Statistics Canada for 2002, post forecasts that imports will increase slightly to 700,000 m³, while exports will continue to trend downwards reaching

44.0 million m³.

Table 2: Supply and Distribution - Softwood Lumber

PSD Table						
Country	Canada					
Commodity	Softwood Lumber				UOM: '1000 m³	
	Revised	2000	Prelimin.	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	68,700	68,557	69,000	66,500	0	63,000
Imports	750	769	600	600	0	700
TOTAL SUPPLY	69,450	69,326	69,600	67,100	0	63,700
Exports	49,100	48,607	49,000	46,600	0	44,000
Domestic Consumption	20,350	20,719	20,600	20,500	0	19,700
TOTAL DISTRIBUTION	69,450	69,326	69,600	67,100	0	63,700

2.3 Softwood Plywood Situation/Outlook

Statistics Canada maintains production of total plywood but does not provide sufficient breakouts to show softwood versus hardwood production. Statistics Canada estimates that 95-97% of total plywood production is softwood. Historical post estimates reveal an average of 92-93%. For this report, post used a mid-range estimate of 94% for softwood plywood production. Using eight months of Statistics Canada plywood production figures for 2001, softwood plywood production is estimated to be 1,850,000 m³, about six percent above 2000 production levels. For 2002, post forecasts that production will fall by less than three percent to 1.8 million cubic meters. Based on eight months of data from Statistics Canada 2001, suggest that imports will fall to just 100,000 m³, down approximately 15%. Exports, on the other hand, are expected to increase nearly nine percent above 2000 levels. For 2002, post forecasts that imports will increase to 150,000 m³, countering the drop in production, while exports will remain unchanged from 2001 levels.

Table 3: Supply and Distribution - Softwood Plywood

PSD Table						
Country	Canada					
Commodity	Softwood Plywood				UOM: '1000 m³	
	Revised	2000	Prelimin.	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	1,850	1,750	1,800	1,850	0	1,800
Imports	130	118	130	100	0	150
TOTAL SUPPLY	1,980	1,868	1,930	1,950	0	1,950
Exports	540	506	500	550	0	550
Domestic Consumption	1,440	1,362	1,430	1,400	0	1,400
TOTAL DISTRIBUTION	1,980	1,868	1,930	1,950	0	1,950

2.4 Hardwood Logs Situation/Outlook

Using historical hardwood log production data from the Natural Resources Canada National Forestry Database Program, Canadian Council of Forest Ministers, and historical hardwood lumber production from Statistics Canada a lumber/log ratio was applied to 2000 calendar year and 2001 year-to-date Statistics Canada hardwood lumber production data to infer hardwood log production. Hardwood log production in 2000 is estimated to be 32.5 million cubic meters. Post estimates that there will be a five percent increase in production in hardwood log production for 2001 relative to 2000 levels, but forecasts an decrease in production for 2002. Based on eight months of trade data for 2001, imports are expected to be about 11% higher than 2000 imports, while imports for 2002 are forecast to be lower relative to 2001 levels due to reduced demand.

Table 4: Supply and Distribution Hardwood Logs

PSD Table						
Country	Canada					
Commodity	Temperate Hardwood Logs				UOM: '1000 m³	
	Revised	2000	Prelimin.	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	29,000	32,500	30,000	34,000	0	33,000
Imports	1,850	1,987	1,400	2,200	0	2,000
TOTAL SUPPLY	30,850	34,487	31,400	36,200	0	35,000
Exports	300	308	400	300	0	300
Domestic Consumption	30,550	34,179	31,000	35,900	0	34,700
TOTAL DISTRIBUTION	30,850	34,487	31,400	36,200	0	35,000

2.5 Hardwood Lumber Situation/Outlook

Under the assumption that six percent of total Canadian plywood production is hardwood and using eight months of Statistics Canada production data for 2001, production is expected to be relatively unchanged from 2000 levels. Imports for 2001 are expected to be down 13% based on year-to-date trade data. Exports for 2001 are also expected to be down, approximately 10 % compared to 2000 levels. Production for 2002 is forecast to decrease by about nine percent, offset by increased imports. Exports are expected to remain unchanged from 2001 levels.

Table 5: Supply and Distribution Hardwood Lumber

PSD Table						
Country	Canada					
Commodity	Temperate Hardwood Lumber				UOM: '1000 m³	
	Revised	2000	Prelimin.	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	960	1,083	1,100	1,100	0	1,000
Imports	1,150	1,150	1,000	1,000	0	1,100
TOTAL SUPPLY	2,110	2,233	2,100	2,100	0	2,100
Exports	1,450	1,446	1,400	1,300	0	1,300
Domestic Consumption	660	787	700	800	0	800
TOTAL DISTRIBUTION	2,110	2,233	2,100	2,100	0	2,100

2.6 Hardwood Plywood Situation/Outlook

Based on eight months of production data from Statistics Canada for 2001, production is expected to increase slightly to 200,000 m³. Imports for 2001 are expected to increase by about 17% to 120,000 m³. Exports are also expected to increase eight percent to 300,000 m³. Production for 2002 is forecast to be down slightly from 2001 levels at 190,000 m³. Imports and exports are expected to remain unchanged from previous year levels.

Table 6: Supply and Distribution Hardwood Plywood

PSD Table						
Country	Canada					
Commodity	Hardwood Plywood				UOM: '1000 m³	
	Revised	2000	Prelimin.	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Production	198	194	200	200	0	190
Imports	117	102	120	120	0	120
TOTAL SUPPLY	315	296	320	320	0	310
Exports	295	287	300	300	0	300
Domestic Consumption	20	9	20	20	0	10
TOTAL DISTRIBUTION	315	296	320	320	0	310

2.7 Oriented Strand Board Situation/Outlook

Based on eight months of production data from Statistics Canada for 2001, oriented strand board (OSB) production is estimated to be 7.8 million m³, relatively unchanged from 2000 levels. Imports are expected to increase by over seven percent Exports are expected to increase just slightly for the year. For 2002, post forecasts production to decrease slightly due to mill closures.

Table 7: Supply and Distribution - Oriented Strand Board

PSD Table						
Country: Canada						
Commodity: Oriented Strand Board						
HS: 4410.11						
Units: '000 m³						
	Revised	2000	Prelimin.	2001	Forecast	2002
	Old	New	Old	New	Old	New
Production	7,750	7,847	7,800	7,800		7,700
Imports	130	112	140	120		150
TOTAL SUPPLY	7,880	7,959	7,940	7,920		7,850
Exports	6,900	6,932	6,900	7,000		6,800
Domestic Consumption	980	1,027	1,040	920		1,050
TOTAL DISTRIBUTION	7,880	7,959	7,940	7,920		7,850

Section 3. Trade

3.1 Overview/Outlook

The value (US$) of exports of wood and wood products for the first nine months of 2001 are down almost nine percent relative to the same period in 2000, reaching US$9.5 billion. The US is the largest export market for Canadian wood and wood products. Exports to the US for the first nine months of 2001 are US$8.2 billion, down only six percent relative to 2000 levels. Japan was Canada’s second largest export market, accounting for just US$900 million of Canada’s total export trade.

Due largely to geography, the United States continues to be the number source of imported softwood lumber and logs. Using the available trade data from Statistics Canada (January through August), total softwood lumber imports into Canada in 2001 are down from 2000 levels for the same period of time. However, the US has increased its share of the Canadian import market up from 86% for 2000 to 89% for 2001. Canadian exports of softwood lumber to the US are up in 2001 by nearly five percent, accounting for 90% of all Canadian exports.

Hardwood log imports in Canada have been trending up for the last two decades. Based on the quantity of hardwood logs imported to date, imports could reach as high as 2.2 million cubic meters, almost 16% higher than 2000 levels. The U.S. supplies almost 100% of Canada’s imported hardwood logs.

Oriented strand board (OSB) and waferboard continue to be a growth area for the Canadian industry. Exports are up more than 29% based on year-to-date data available from Statistics Canada. Extrapolating from the eight months of data available, OSB/waferboard imports could reach approximately 10.3 million cubic meters for 2001, if the year-to-date export trend continues. Of this amount, only two to three percent go to markets outside the U.S.

3.2 Trade Matrices

Table 8: Value of Wood and Wood Product Exports

Canadian Wood and Wood Product Exports - Domestic						
1998-2000 Calendar Years; 2001 Data is January - September						
HS: 44						
UOM: billion $US				January - September		% Change
Country	1998	1999	2000	2000	2001	'01 over '00
-- The World --	11.9	14.2	13.3	10.4	9.5	-8.8%
United States	10.0	12.1	11.2	8.8	8.2	-6.4%
Japan	1.1	1.4	1.4	1.1	0.9	-17.6%
Others	0.7	0.7	0.7	0.6	0.4	-31.5%
Source: World Trade Atlas - Statistics Canada						

Table 9: Softwood Lumber Imports

Canadian Softwood Lumber Imports					
1999-2000 Calendar Years, 2001 Data is for January through August					
HS: 440710					
UOM: '000 m³			January - August		% Change
Country	1999	2000	2000	2001	'01 over '00
-- The World --	742.6	769.4	497.1	403.9	-18.7%
United States	647.9	663.2	423.1	360.9	-14.7%
Brazil	3.0	12.3	9.9	7.7	-22.8%
Chile	5.0	2.5	1.5	4.0	169.0%
South Africa	0.0	0.0	0.0	1.6	164800.0%
Germany	0.0	0.1	0.0	0.1	228.1%
Uruguay	0.6	1.2	1.0	0.5	-48.6%
New Zealand	1.5	2.0	1.8	0.2	-89.5%
Russia	0.0	2.4	1.6	0.0	-98.5%
Others	84.6	85.7	58.1	28.9	-50.3%
Source: World Trade Atlas - Statistics Canada					

Table 10: Softwood Lumber Exports

Canadian Softwood Lumber Exports -Domestic-					
1999-2000 Calendar Years, 2001 Data is for January through August					
HS: 440710					
UOM: '000 m³			January - August		% Change
Country	1999	2000	2000	2001	'01 over '00
-- The World --	48,386.1	48,606.6	32,793.4	33,495.1	2.1%
United States	42,649.5	42,834.5	28,873.9	30,202.7	4.6%
Japan	4,470.4	4,422.0	2,924.4	2,626.2	-10.2%
Taiwan	195.9	231.1	161.6	110.0	-31.9%
United Kingdom	211.6	200.9	148.3	94.9	-36.0%
Hong Kong	97.1	93.1	61.4	70.2	14.3%
Australia	190.4	224.7	187.7	68.0	-63.8%
Belgium	94.5	97.9	72.3	44.5	-38.4%
Italy	88.0	73.7	53.3	37.6	-29.4%
China	23.8	52.9	32.1	32.7	1.7%
Korea, South	35.0	43.5	32.4	31.8	-1.9%
Saudi Arabia	98.6	67.1	54.6	24.1	-55.8%
Philippines	20.3	31.9	24.1	20.2	-16.1%
Netherlands	31.2	45.7	35.9	19.1	-46.8%
Germany	44.0	47.4	32.6	18.8	-42.3%
France	38.3	32.7	22.5	17.0	-24.2%
New Zealand	13.3	17.3	11.7	11.0	-6.4%
Thailand	11.8	9.5	9.3	10.8	16.1%
United Arab Emirates	14.9	16.2	13.0	8.9	-31.9%
Others	57.4	64.4	42.3	46.5	10.0%
Source: World Trade Atlas - Statistics Canada					

Table 11: Value of Softwood Lumber Exports

Canada Softwood Lumber Exports - Domestic						
1998-2000 Calendar Years; 2001 Data is January - September						
HS: 440710						
UOM: billion $US				January - September		% Change
Country	1998	1999	2000	2000	2001	'01 over '00
-- The World --	7.5	8.5	7.8	6.1	5.5	-9.0%
United States	6.2	7.1	6.2	4.9	4.7	-5.0%
Japan	0.9	1.1	1.1	0.9	0.7	-20.0%
Others	0.3	0.4	0.4	0.3	0.2	-39.5%
Source: World Trade Atlas - Statistics Canada						

Table 12: Share of Softwood Lumber Exports by Major Market

Share of Softwood Lumber Exports by Major Market (by volume)				
Continued Reliance on U.S. Market in 2001				
Year	U.S.	Japan	U.K.	Other
1995	83%	13%	1%	3%
1996	84%	13%	1%	2%
1997	85%	11%	1%	3%
1998	89%	8%	-	2%
1999	88%	9%	-	3%
2000	88%	9%	-	3%
January to August 2001	90%	8%	-	2%
Source: Derived from World Trade Atlas - Statistics Canada data				

Table 13: Canadian Softwood Log Imports

Canadian Softwood Log Imports - excluding fence posts & telephone poles					
1999-2000 Calendar Years, 2001 Data is for January through August					
HS: 440320					
UOM: '000 m³			January - August		% Change
Country	1999	2000	2000	2001	'01 Over '00
-- The World --	4,418.5	4,521.0	3,081.4	3,281.5	6.5%
United States	4,417.8	4,516.6	3,078.6	3,265.4	6.1%
South Africa	0.0	0.0	0.0	8.6	-na-
Argentina	0.0	1.1	0.3	3.5	1133.1%
Brazil	0.0	0.0	0.0	1.9	-na-
Latvia	0.0	0.0	0.0	1.6	-na-
Chile	0.0	2.3	1.8	0.0	-na-
Others	0.7	1.0	0.6	0.5	-20.8%
Source: World Trade Atlas - Statistics Canada					

Table 14: Canadian Softwood Log Exports

Canadian Softwood Logs Exports -Domestic-					
1999-2000 Calendar Years, 2001 Data is for January through August					
HS: various - see list below					
UOM: '000 m³			January - August		% Change
Country	1999	2000	2000	2001	'01 over '00
-- The World --	1,930.9	2,594.8	1,842.1	1,865.0	1.2%
United States	1,138.6	1,679.9	1,238.6	1,218.7	-1.6%
Japan	780.5	872.4	587.4	601.5	2.4%
Korea, South	5.6	27.2	8.0	30.7	281.4%
Taiwan	4.3	10.1	6.2	10.6	71.5%
China	0.0	0.0	0.0	1.4	-na-
United Kingdom	0.5	2.7	0.1	0.4	195.2%
Germany	1.0	0.4	0.4	0.1	-83.5%
Hong Kong	0.0	0.0	0.0	0.6	-na-
India	0.0	1.2	1.2	0.0	-100.0%
Jamaica	0.0	0.5	0.0	0.0	-na-
Cuba	0.4	0.0	0.0	0.4	-na-
Others	0.0	0.3	0.1	0.5	267.2%
Source - World Trade Atlas - Statistics Canada					
HS Codes:					
44032031					
44032039					
44032040					
44032050					
44032061					
44032062					
44032070					
44032080					
44032090					

Table 15: Temperate Hardwood Lumber Imports

Canadian Hardwood Lumber Imports					
1999-2000 Calendar Years, 2001 Data is for January through August					
HS: 440791, 440792, 440799					
UOM: '000 m³			January - August		% Change
Country	1999	2000	2000	2001	'01 Over '00
-- The World --	1,054.4	1,150.0	766.3	699.4	-8.7%
United States	1,042.9	1,135.9	757.1	691.3	-8.7%
Brazil	5.7	7.0	4.9	4.2	-14.7%
Bolivia	0.1	0.6	0.3	0.5	86.3%
Russia	0.3	0.6	0.6	0.2	-73.3%
Germany	0.6	0.8	0.6	0.3	-56.5%
Cote d'Ivoire	0.5	0.3	0.2	0.2	-31.6%
Indonesia	0.2	1.3	0.3	0.5	50.1%
Others	4.0	3.5	2.2	2.3	4.6%
Source: World Trade Atlas - Statistics Canada					

Table 16: Temperate Hardwood Lumber Exports

Canadian Hardwood Lumber Exports -Domestic-					
1999-2000 Calendar Years, 2001 Data is for January through August					
HS: 440791, 440792, 440799					
UOM: '000 m³			January - August		% Change
Country	1999	2000	2000	2001	'01 over '00
-- The World --	1,338.6	1,444.5	966.2	840.9	-13.0%
United States	1,098.3	1,205.8	808.1	674.5	-16.5%
Germany	39.9	37.3	26.3	29.1	10.3%
United Kingdom	33.7	29.5	18.6	18.4	-1.2%
Japan	12.9	13.2	9.2	12.9	39.9%
Spain	15.5	15.2	9.5	11.8	24.8%
Sweden	9.3	9.1	5.9	9.8	64.7%
France	18.5	16.2	11.4	7.5	-34.8%
Hong Kong	5.0	6.2	3.7	6.2	65.5%
Italy	14.6	13.4	9.8	6.1	-37.6%
Netherlands	10.3	12.8	7.5	4.9	-34.3%
Finland	5.1	5.0	3.6	4.9	35.1%
Norway	2.9	7.7	4.5	4.7	3.3%
China	2.7	4.9	3.3	4.6	41.0%
Taiwan	7.6	6.7	5.3	3.7	-29.9%
Belgium	9.0	6.3	3.9	3.7	-5.1%
Ireland	5.2	6.4	4.5	3.4	-25.2%
Portugal	9.1	7.1	3.8	2.5	-34.9%
Others	39.0	41.9	27.1	32.4	19.4%
Source: World Trade Atlas - Statistics Canada					

Table 17: Hardwood Log Imports

Canadian Hardwood Log Imports					
1999-2000 Calendar Years, 2001 Data is for January through August					
HS: 440391, 440392, 440399					
UOM: '000 m^3			January - August		% Change
Country	1999	2000	2000	2001	'01 over '00
-- The World --	1,738.4	1,985.6	1,234.4	1,454.8	17.9%
United States	1,736.0	1,982.0	1,233.4	1,453.0	17.8%
Brazil	0.4	0.2	0.2	0.6	283.5%
France	0.0	0.0	0.0	0.1	5250.0%
Cote d'Ivoire	0.0	1.3	0.0	0.1	-na-
Germany	0.8	0.0	0.0	0.0	-na-
Bolivia	0.0	0.9	0.0	0.0	-100.0%
Others	1.2	1.2	0.7	1.0	33.8%
Source: World Trade Atlas - Statistics Canada					

Table 18: Hardwood Log Exports

Canadian Hardwood Log Exports -Domestic-					
1999-2000 Calendar Years, 2001 Data is for January through August					
HS: various - see list below					
UOM: '000 m³			January - August		% Change
Country	1999	2000	2000	2001	'01 over '00
-- The World --	282.3	308.1	196.5	189.8	-3.4%
United States	230.4	255.7	163.3	164.8	0.9%
Italy	3.0	3.5	2.7	3.0	13.3%
Germany	4.4	7.0	1.0	2.7	165.9%
Spain	1.4	2.0	1.3	2.6	101.6%
Japan	1.4	1.4	0.8	2.3	197.4%
Taiwan	1.3	4.3	3.2	1.9	-40.2%
Malaysia	3.2	6.6	6.0	1.9	-69.1%
France	5.9	3.7	2.7	1.9	-30.0%
China	0.7	2.8	2.1	1.6	-22.5%
India	2.5	3.0	1.5	1.6	5.7%
Korea, South	0.4	0.7	0.5	1.1	141.9%
Portugal	19.6	6.7	5.5	1.0	-81.0%
Belgium	1.1	0.6	0.4	1.0	157.1%
Hong Kong	0.9	2.5	1.4	0.8	-43.6%
Saudi Arabia	1.9	3.5	0.9	0.2	-75.8%
Switzerland	0.0	2.0	1.6	0.1	-96.2%
Indonesia	3.0	0.7	0.7	0.1	-92.1%
Others	1.1	1.5	0.9	1.2	34.7%

Source: World Trade Atlas - Statistics Canada

HS Codes:
44039100
44039200
44039911
44039919
44039920
44039930
44039940
44039990

Table 19: Hardwood Veneer Imports

Canadian Hardwood Veneer Imports
1999-2000 Calendar Years, 2001 Data is for January through August
HS: 440890

UOM: '000 m²			January - August		% Change
Country	1999	2000	2000	2001	'01 over '00
-- The World --	88,623.2	97,699.0	66,216.5	72,398.4	9.3%
United States	80,433.8	87,361.2	59,044.4	66,040.0	11.8%
Germany	1,751.5	3,396.1	2,735.6	1,564.9	-42.8%
Italy	2,448.5	2,976.1	1,831.6	1,456.0	-20.5%
Ireland	496.9	317.0	159.4	344.4	116.1%
Ukraine	0.0	47.4	3.3	308.7	9181.4%
Ghana	434.2	371.2	252.7	297.1	17.6%
Switzerland	295.0	346.3	297.6	295.4	-0.7%
Slovakia	25.5	100.3	44.5	241.1	442.1%
France	178.2	143.8	60.5	193.0	219.0%
Brazil	404.5	427.3	283.9	171.9	-39.4%
Cote d'Ivoire	565.8	410.5	317.6	170.0	-46.5%
Malaysia	223.2	47.2	27.1	152.4	462.7%
United Kingdom	47.1	133.3	86.5	145.9	68.7%
Finland	355.5	153.3	115.6	109.7	-5.1%
Hungary	49.6	115.4	99.2	85.8	-13.5%
Croatia	56.6	95.3	33.7	85.7	154.5%
China	36.4	170.6	130.2	85.2	-34.6%
Sweden	7.4	76.5	34.3	76.3	122.3%
Denmark	87.6	150.0	136.4	73.6	-46.0%
Austria	0.2	157.0	78.4	36.8	-53.1%
South Africa	239.8	81.9	74.7	34.1	-54.3%
Others	485.9	621.4	369.4	430.5	16.5%

Source: World Trade Atlas - Statistics Canada

Table 20: Hardwood Veneer Exports

Canadian Hardwood Veneer Exports -Domestic-
1999-2000 Calendar Years, 2001 Data is for January through August
HS: 440890
UOM: '000 m²

			January - August		% Change
Country	1999	2000	2000	2001	'01 over '00
-- The World --	154,490.4	163,547.4	113,044.3	103,565.8	-8.4%
United States	133,347.7	139,337.7	97,125.1	79,769.5	-17.9%
Hong Kong	2,841.7	6,888.8	4,591.2	10,098.6	120.0%
Germany	3,109.2	3,044.5	1,591.3	2,393.0	50.4%
Sweden	1,260.0	737.9	392.0	1,899.2	384.5%
Malaysia	529.9	753.3	377.3	1,805.4	378.5%
China	540.7	376.5	236.1	1,294.4	448.2%
Denmark	1,329.8	1,888.3	1,407.9	747.2	-46.9%
Korea, South	274.5	976.1	581.2	546.2	-6.0%
Spain	971.9	667.2	424.1	531.5	25.3%
Italy	1,945.6	1,735.5	1,307.5	492.7	-62.3%
United Kingdom	758.4	493.2	263.2	368.9	40.2%
Portugal	913.1	1,180.0	968.4	342.2	-64.7%
Japan	357.4	611.0	380.5	326.4	-14.2%
South Africa	463.0	76.8	76.8	294.2	283.1%
Poland	291.3	222.5	131.8	271.0	105.7%
Belgium	465.7	735.7	494.3	250.5	-49.3%
Egypt	388.1	56.1	0.0	183.6	-na-
India	255.9	128.4	51.8	180.0	247.2%
Czech Republic	229.0	0.0	0.0	162.5	-na-
Philippines	134.7	225.5	155.4	122.6	-21.1%
France	103.8	310.0	257.0	117.6	-54.2%
Indonesia	470.4	511.4	374.3	103.8	-72.3%
Brazil	49.3	228.2	186.3	99.3	-46.7%
Taiwan	291.1	208.4	104.7	74.0	-29.4%
Australia	324.2	167.2	138.6	68.2	-50.8%
Ireland	297.0	165.9	112.1	36.7	-67.3%
Chile	277.7	300.4	195.0	2.6	-98.7%
Austria	517.2	0.0	0.0	0.0	-na-
Others	1,752.06	1,520.67	1,120.30	984.14	-12.2%

Source: World Trade Atlas - Statistics Canada

Table 21: Softwood Plywood Imports

Canadian Softwood Plywood Imports					
1999-2000 Calendar Years, 2001 Data is for January through August					
HS: 441219					
UOM: m^3			January - August		% Change
Country	1999	2000	2000	2001	'01 over '00
-- The World --	132.5	118.3	87.2	58.4	-33.1%
United States	126.6	114.9	85.4	57.3	-32.9%
Chile	2.0	1.2	0.6	0.1	-85.0%
Brazil	0.3	1.2	0.5	0.4	-9.6%
Canada	0.9	0.2	0.2	0.4	170.6%
Malaysia	2.5	0.4	0.4	0.0	-96.3%
France	0.0	0.1	0.1	0.1	-36.1%
China	0.0	0.1	0.1	0.0	-91.4%
Indonesia	0.1	0.1	0.0	0.0	-na-
Others	0.1	0.0	0.0	0.1	700.0%
Source: World Trade Atlas - Statistics Canada					

Table 22: Softwood Plywood Exports

Canadian Softwood Plywood Exports -Domestic-					
1999-2000 Calendar Years, 2001 Data is for January through August					
HS: 441219					
UOM: '000 m³			January - August		% Change
Country	1999	2000	2000	2001	'01 over '00
-- The World --	556.0	506.0	336.3	372.0	10.6%
United States	241.0	252.9	149.5	240.9	61.1%
Japan	229.1	177.8	124.6	107.2	-14.0%
United Kingdom	19.6	21.7	16.5	13.5	-18.6%
Netherlands	21.2	15.9	11.3	2.6	-76.9%
Ireland	4.6	2.6	1.9	1.8	-5.7%
Italy	12.9	9.2	8.4	1.7	-80.2%
Germany	13.2	15.7	15.6	1.4	-90.8%
Belgium	6.1	3.9	3.5	0.2	-93.7%
Hong Kong	2.3	0.0	0.0	0.2	-na-
Taiwan	0.4	1.1	1.0	0.0	-94.9%
Denmark	1.8	1.7	1.7	0.0	-100.0%
Norway	1.6	0.3	0.3	0.0	-100.0%
Others	2.3	3.0	1.8	2.5	35.0%
Source: World Trade Atlas - Statistics Canada					

Table 23: Hardwood Plywood Imports

Canadian Hardwood Plywood Imports					
1999-2000 Calendar Years, 2001 Data is for January through August					
HS: 441214					
UOM: '000 m³			January - August		% Change
Country	1999	2000	2000	2001	'01 over '00
-- The World --	76.5	101.6	78.3	58.2	-25.6%
United States	48.6	46.7	33.7	30.8	-8.7%
Russia	10.8	10.6	7.0	9.4	34.6%
Indonesia	5.3	4.4	2.3	6.1	158.3%
Finland	1.4	4.7	3.1	4.4	43.1%
Brazil	2.4	0.9	0.5	1.0	93.5%
Latvia	0.9	1.2	0.9	0.9	2.4%
Belarus	1.2	0.2	0.2	0.0	-100.0%
Taiwan	4.3	5.5	3.7	3.9	5.4%
Others	1.7	27.5	26.8	1.7	-93.6%
Source: World Trade Atlas - Statistics Canada					

Table 24: Hardwood Plywood Exports

Canadian Hardwood Plywood Exports -Domestic-					
1999-2000 Calendar Years, 2001 Data is for January through August					
HS: 441214					
UOM: '000 m³			January - August		% Change
Country	1999	2000	2000	2001	'01 over '00
-- The World --	256.7	287.3	196.9	193.6	-1.7%
United States	255.7	286.4	196.4	193.4	-1.5%
United Kingdom	0.3	0.4	0.0	0.0	-na-
Others	0.7	0.5	0.5	0.2	-58.2%
Source: World Trade Atlas - Statistics Canada					

Table 25: OSB/Waferboard Imports

Canadian OSB/Waferboard Imports					
1999-2000 Calendar Years, 2001 Data is for January through August					
HS: 441011, 441019 (replaces 441010)					
UOM: '000 m³			January - August		% Change
Country	1999	2000	2000	2001	'01 over '00
-- The World --	363.8	989.2	513.3	407.6	-20.6%
United States	313.2	677.4	282.1	160.9	-43.0%
Poland	4.9	90.0	79.9	141.3	76.9%
Belgium	5.4	25.1	11.6	91.1	683.8%
Germany	14.7	139.9	113.0	4.9	-95.7%
Austria	4.8	9.6	4.0	2.6	-33.9%
Spain	0.0	0.7	0.3	1.7	513.5%
Sweden	10.3	14.8	3.4	1.3	-60.7%
Malaysia	0.1	1.5	0.5	1.2	151.1%
China	5.0	6.9	1.7	0.5	-73.1%
France	1.5	2.6	0.6	0.3	-47.1%
United Kingdom	1.7	11.8	10.1	0.0	-99.9%
Others	2.0	8.8	6.1	1.7	-72.6%
Source: World Trade Atlas - Statistics Canada					

Table 26: OSB/Waferboard Exports

Canadian OSB/Waferboard Exports -Domestic-					
1999-2000 Calendar Years, 2001 Data is for January through August					
HS: 441011, 441019 (replaces 441010)					
UOM: '000 m^3			January - August		% Change
Country	1999	2000	2000	2001	'01 over '00
-- The World --	7,745.3	8,484.8	5,307.1	6,854.4	29.2%
United States	7,497.6	8,274.8	5,161.6	6,703.2	29.9%
Japan	195.0	171.0	115.6	124.3	7.5%
Korea, South	15.9	22.9	18.1	8.9	-50.7%
Chile	19.6	2.8	2.7	6.6	147.6%
China	0.0	1.0	0.8	3.6	384.9%
Taiwan	5.1	4.7	3.4	2.7	-18.8%
Mexico	0.0	1.1	0.0	1.6	-na-
Australia	0.2	0.6	0.3	1.4	372.3%
Turkey	1.7	2.6	2.0	0.1	-93.9%
Italy	4.2	0.2	0.2	0.0	-100.0%
Singapore	1.7	0.1	0.1	0.0	-100.0%
Others	4.2	3.1	2.4	1.9	-22.1%
Source: World Trade Atlas - Statistics Canada					

Table 27: Imports of Builders' Joinery and Carpentry

Canadian Imports of Builders' Joinery and Carpentry (Fabricated Structural Wood Members)					
1999-2000 Calendar Years, 2001 Data is for January through August					
HS: 441890					
UOM: Thousands of US Dollars			January - August		% Change
Country	1999	2000	2000	2001	'01 over '00
-- The World --	55,534.3	57,171.6	38,952.3	35,835.0	-8.0%
United States	54,058.1	55,123.0	37,254.1	33,614.2	-9.8%
Sweden	13.3	40.0	27.5	509.1	1751.5%
Finland	22.3	99.7	58.2	368.1	532.5%
China	33.0	62.3	45.3	223.2	392.5%
Norway	0.0	5.7	5.7	156.4	2635.9%
Indonesia	176.0	241.7	238.9	143.5	-39.9%
South Africa	0.0	0.0	0.0	134.2	-na-
Italy	59.3	75.8	55.5	102.4	84.4%
Malaysia	0.1	107.9	51.1	93.8	83.5%
United Kingdom	104.0	119.6	34.7	83.0	139.0%
Greece	125.8	168.4	130.1	60.2	-53.7%
Austria	416.6	242.7	236.0	8.8	-96.3%
Others	525.9	884.9	815.1	338.1	-58.5%
Source: World Trade Atlas - Statistics Canada					

Table 28: Exports of Builders' Joinery and Carpentry

Canadian Exports of Builders' Joinery and Carpentry (Fabricated Structural Wood Members)
-Domestic-
1999-2000 Calendar Years, 2001 Data is for January through August

HS: 441890

UOM: Thousands of US Dollars

Country	1999	2000	January - August 2000	January - August 2001	% Change '01 over '00
-- The World --	782,697.1	623,039.3	434,642.1	403,354.8	-7.2%
United States	753,279.2	593,548.1	413,783.7	383,863.1	-7.2%
Japan	18,829.8	22,344.5	14,757.2	15,450.5	4.7%
Nigeria	0.0	0.0	0.0	696.0	-na-
Cuba	337.1	91.7	16.5	576.5	3385.6%
United Kingdom	2,654.4	1,256.8	1,002.7	428.2	-57.3%
Germany	2,406.7	1,450.1	1,154.2	218.8	-81.0%
Italy	811.8	1,013.8	939.8	211.9	-77.5%
Korea, South	30.6	122.4	62.8	147.1	134.3%
Taiwan	42.8	50.1	41.5	147.0	254.2%
Hong Kong	605.8	108.3	95.1	139.7	46.9%
Bermuda	296.5	185.8	105.5	127.0	20.4%
Spain	375.6	92.0	92.0	105.7	14.9%
France	186.8	179.3	167.0	77.4	-53.6%
China	38.9	125.2	125.2	67.8	-45.8%
Australia	214.3	20.5	20.5	59.5	190.5%
Ireland	1,241.0	878.1	878.1	51.3	-94.2%
Netherlands	139.5	7.0	0.0	39.4	-na-
Israel	60.9	215.6	215.6	32.7	-84.8%
Algeria	103.4	0.0	0.0	0.0	-na-
Singapore	68.2	136.2	136.2	0.0	-100.0%
Belgium	237.5	37.0	12.8	0.0	-100.0%
United Arab Emirates	0.0	105.1	105.1	0.0	-100.0%
Others	736.39	1,071.53	930.59	915.28	-1.6%

Source: World Trade Atlas - Statistics Canada

Section 4: Policy

4.1 Annual Allowable Cut

The allowable annual cut (AAC) is set usually for a number of years for each province by the respective provincial government. No significant changes have been made by any of the provinces regarding their respective AAC. The following table reflects minor revisions to provincial AACs.

Additional statistical information about Canadian forestry is available Natural Resources Canada, Canadian Forestry Service website at:
http://www.pfc.cfs.nrcan.gc.ca/monitoring/inventory/site-map_e.html

Table 29: Allowable Annual Cut

Allowable Annual Cut				
Units: Net Merchantable Volume in '000m³				
	Prov. & Private Lands		Federal Land	Total
	Softwood	Hardwood		
Newfoundland	2,635	0	16	2,651
P.E.I.	300	190	0	490
Nova Scotia	5,200	1,500	0	6,700
New Brunswick	6,907	4,064	77	11,048
Quebec	37,474	20,499	18	57,991
Ontario*	na	na	na	na
Manitoba	5,695	3,936	95	9,726
Saskatchewan	3,864	3,244	462	7,570
Alberta	13,592	10,209	948	24,749
British Columbia	68,684	2,946	45	71,675
Yukon	344	0	9	353
N.W.T.	235	0	2	237
*Ontario AAC expressed in area as follows:				
'000 ha.	219	145	0	364
Source: National Forestry Database				
Canadian Council of Forest Ministers				

4.2 The State of Canada's Forests 2000-2001

The Canadian Forest Service, Natural Resources Canada, published its annual report entitled *The State of Canada's Forests 2000-2001*. It may be viewed in its entirety on-line at the following website: http://www.nrcan.gc.ca/cfs-scf/national/what-quoi/sof/latest_e.html

4.3 Trade, Policy and Industry News

The following segments are excerpts from recent GAIN reports covering solid wood products and forestry issues. Many sections contain references to more in-depth GAIN reports. A table at the end of the report lists all solid wood products and forestry reports submitted since the 2000 Solid Wood Products Annual Report.

Pettigrew Announces Monitoring Measure for Softwood Lumber Exports to the U.S.

According to a Department of Foreign Affairs and International Trade (DFAIT) March 29 press release, Trade Minister Pettigrew announced that Canada will monitor softwood lumber exports to the United States. "Certain U.S. politicians are making allegations that lumber from Canada will surge after the expiry of the Softwood Lumber Agreement on March 31," declared Pettigrew. "With the co-operation of exporters, we are ensuring that we have the necessary information to defend the interests of Canada's industry against possible U.S. trade actions." The purpose is to provide a mechanism for gathering clear and accurate data on exports and ensuring that an orderly transition is made once the Softwood Lumber Agreement expires on March 31. Exporters of softwood lumber to the U.S. will be required to obtain a permit, which will be available upon request from the Department of Foreign Affairs and International Trade. This will apply nation-wide for all softwood lumber exports to the United States.

Canada Welcomes WTO Decisions in Softwood Lumber Dispute

In an August 23 news release, International Trade Minister Pierre Pettigrew welcomed two decisions by the World Trade Organization (WTO) Dispute Settlement Body concerning the adoption of a Panel report on export restraints, and the establishment of a panel to hear Canada's challenge of a provision of U.S. legislation that prohibits the U.S. from fully implementing WTO rulings in trade remedy cases. "These decisions by the WTO further strengthen our efforts to defend the interests of our softwood lumber industry," said Minister Pettigrew. "They also demonstrate our commitment to challenge those U.S. actions we believe to be inconsistent with WTO rules." The export restraints report has clarified the rules surrounding the treatment of such restraints under countervailing duty law. The Panel reviewing the export restraints case ruled that Canadian export restraints do not constitute a "financial contribution" under the definition of "subsidy" in Article 1 of the Subsidies and Countervailing Measures Agreement and thus are not countervailable subsidies. The Panel was established in September 2000 and the Panel's final report was delivered on June 29, 2001.

Canada Critical of Department of Commerce Decisions on Softwood Lumber

Following the Department of Commerce findings that Canadian softwood lumber exports to the U.S. were subsidized by 19.31% and that exports were above the 15% threshold constituting "critical circumstances", Canadian trade minister Pettigrew stated that the finding of subsidy and the methodology used by the U.S. to determine critical circumstances reflect a protectionist approach. Canada will continue to defend the rights of its softwood lumber industry and is prepared for a legal battle. For more information, see GAIN report CA1111.

Minister Pettigrew responded to the United States Department of Commerce preliminary determination in its anti-dumping investigation of softwood lumber from Canada, calling the finding that Canadian softwood lumber exports were dumped in the U.S. on average by 12.58%, "totally unjustified." Pettigrew stated that the Government of Canada will continue to challenge U.S. laws and policies at the World Trade Organization and will also continue discussions with the U.S. administration to seek a durable long-term solution for softwood lumber trade. To view the entire press release, see the following website at:
http://198.103.104.118/minpub/Publication.asp?FileSpec=/Min_Pub_Docs/104640.htm
For additional information, see GAIN report CA1156.

Government Tables Report on Forest Management Practices and International Trade

The Government of Canada, in response to the Final Report of the Standing Committee on Aboriginal Affairs, Northern Development and Natural Resources tabled a report entitled *Forest Management Practices in Canada as an International Trade Issue*, by Ralph Goodale, Minister of Natural Resources, October 2001 in the House of Commons. The report may be viewed at:
http://www.nrcan-rncan.gc.ca/cfs-scf/national/what-quoi/po-govresp_e.html

British Columbia Ministry of Forests Plans Policy Changes

According to October 25 and October 30 articles from the *Vancouver Sun*, the provincial Ministry of Forests has proposed changes with the aim of making BC forest policy more geared to the marketplace instead of "social engineering." The policy changes include:

1. The introduction of a market-based stumpage system in which government revenues more accurately reflect the profit-loss picture of a companies operation, rather than the current system in which the government sets a target revenue.

2. Drop the five percent "clawback" of timber to the province every time a timber licence is transferred from one company to another.

3. Remove controls on timber companies that require them to cut timber even in depressed markets.

4. Remove the requirement for companies to process timber in the region it was harvested.

BC Forests Minister Mike De Jong is quoted as saying that the province will be going to a market-based timber pricing regime and it will try to do it by 2002.

B.C. to Sign Agreements to Open Lumber Markets in China

According to the British Columbia Council of Forest Industries (COFI), representatives of COFI, as well as its research, educational and industry partners, and BC Premier Gordon Campbell are meeting in Shanghai to sign three Memorandums of Understanding (MOUs) that will mark an important step in development of innovative new markets for BC wood products in China. COFI President Ron MacDonald said: "The BC team intends to create a quality standard for wood frame structures in China that will ensure that wood buildings meet consistent levels of construction quality and provide an assurance to consumers and key service providers." The MOUs will result in the setting of standards for platform frame construction and for the training of Chinese professionals and tradesmen. The Canadian government announced that it will be a funding partner along with British Columbia and the forest sector. A fourth MOU including the federal government, COFI, Forintek Canada and the Chinese Academy of Forestry will be signed in BC later this year. COFI and Forintek Canada Corp. have been actively working in China on building code issues for almost two years. There has been intense activity focused to a large degree on cooperating with key code authorities in China under the umbrella of an agreement with the Chinese Ministry of Construction.

B.C. Announces Action Plan to Combat Mountain Pine Beetle

According to the British Columbia Ministry of Forests, a wide-ranging strategic action plan to respond to the largest mountain pine beetle infestation in the province's history. The action plan is the result of extensive consultations with workers, community leaders, First Nations and industry representatives. The plan includes these key actions: (1) Appoint a beetle management co-ordinator who will report directly to the minister of forests. (2) Establish emergency management zones that will allow faster harvesting of infested timber. (3) Extend the 'waterbed' exemption until a new market-based pricing regime is in place. (4) Protect communities through transferring cutting rights across timber supply areas, co-ordinating fire protection action, streamlining administration and increasing cut control flexibility. (5) Improve transportation infrastructure, including improved access into infested areas. (6) Pursue federal contribution for emergency funding. The mountain pine beetle infestation has spread over the past several years as a result of mild weather and an abundance of mature lodgepole pine, the predominant species of commercially harvested timber in the province. The pine beetle has infested more than 600,000 hectares within an area of 5.7 million hectares and is estimated to be worth about (twice the size of Vancouver Island).

B.C. Pine Beetle Population Hits Epidemic Proportion

B.C.'s Mountain Pine Beetle Emergency Task Force, created by the B.C. government last June, reported that the pest has expanded its range by nearly 80% over the past summer and has infested C$6 billion worth of lumber. Sheila Munro, the task force's project manager, told the *Globe and Mail* newspaper, "It's the largest [forest pest] epidemic in Canadian history." According to the *Globe and Mail*, the task force, which represents local industry but whose reports are verified by the provincial government, estimates that the infestation now covers an area of more than eight million hectares. The mountain pine beetle is a natural part of B.C.'s pine forest, but a population explosion is believed to have occurred because of recently mild winters. The task force is reportedly asking the federal government to provide C$50 million to C$60 million each year for the next 10 years for control purposes. According to the B.C. Ministry of

Forests, about 15% of the province's GDP comes from the forest industry. The pest outbreak comes at a time when B.C's forest industry is suffering the combined effect of an economic downturn and U.S. anti-dumping and countervailing measures on Canadian softwood lumber.

B.C. Increases Tree Harvest to Combat Beetle Infestation

The provincial government in British Columbia has increased the allowable annual cut for the Lakes timber supply area in central B.C. to help battle the mountain pine beetle epidemic. The pest damages the wood with an ink-like stain, lowering its value and saleability. "This year's field observations indicate the infestation is still expanding at a vigorous rate," said B.C.'s chief forester Larry Pedersen. Effective Aug. 1, the new allowable annual cut for the region will be 2.962 million cubic meters, an increase of about 1.5 million cubic meters per year from the last allowable annual cut set in 1996. The Lakes timber supply area covers 1.12 million hectares. "This is not a long-term solution, but a temporary, extraordinary measure designed to deal with a catastrophic mountain pine beetle infestation," Pedersen said.

EU Announces Wood Packaging Requirements

According to the Canadian Association of Importers and Exporter's publication *Importweek*, on March 12, 2001, the Commission of the European Communities (EU) advised the Government of Canada of its intention to adopt new entry requirements for wood packaging. The measures apply to packaging constructed of coniferous (pine, spruce, Douglas-fir, etc.) wood originating from Canada, Japan, China and the United States and includes packing cases, boxes, crates, drums, pallets, box pallets, load boards and pallet collars. Effective October 1, 2001, all coniferous wood packaging and pallets must be treat in an officially approved manner prior to entering the EU. In order to allow Canadian exporters to continue to ship products supported by coniferous wood-packaging materials, the Canadian Food Inspection Agency (CFIA) has designed a Canadian Wood Packaging Certification Program (CWPCP). The program will certify Canadian wood packaging manufacturers to produce packaging that meets the new EU requirements. In addition, the wood packaging will display a mark confirming it meets these standards. Canadian product exporters must either construct wood packaging from wood species and products that are exempt from EU import requirements or obtain certified wood packaging, crates and pallets from an approved wood packaging producer. Canadian product exporters who construct their own wood packaging from coniferous wood will need to be certified under the CWPCP to ship their products to the EU. Further information on the CWPCP, please visit the following CFIA Web site: http://www.inspection.gc.ca/english/plaveg/for/woode.shtml

Canadian Exporters Helped by New Russian Building Codes

According to an April 26 press release from the Canada Mortgage and Housing Corporation (CMHC), Canadian housing exporters could potentially reach a housing market of up to 400,000 units annually, due to Russia's recent approval of a new building code for single family housing, the first of three new housing codes. Over the next few years, when the codes are expected to be adopted in other countries of the former Soviet Union, a potential market of 700,000 units exists.

The first new code, the "Russian Federation Building Code and Regulations for Single Family Housing" was recently approved. Two other codes will be released later in the year, including one on light frame construction which is based on Canada's National Housing Code. Canada and Russia also are cooperating on the certification of Canadian products to Russian standards. These developments stem from memorandum of understanding signed between the CMHC and the State Committee of the Russian Federation for Construction and Housing. The new codes will assist Canadian companies to export building products and undertake joint venture products with Russia.

Canada Takes Action to Prevent Entry of Sudden Oak Death

Since March 2000, the Canadian Food Inspection Agency (CFIA) has implemented an emergency phytosanitary import measure to keep the plant disease, Sudden Oak Death, out of Canada. The disease, which kills oak trees and infects related plants (tanoak, huckleberry, rhododendron, and azalea) has been found in parts of California (7 counties), the Netherlands, and in Germany. Under the interim measure the CFIA is banning all propagative and non-propagative material including seed, nursery stock, logs with or without bark attached, bark, mulch, acorns, sawdust, pulpwood and firewood, of all species of oak (Quercus spp.) and tanoak (Lithocarpus spp.) as well as rhododendron, azalea and huckleberry (including fruit) from the regulated areas.

Additional information about issues in Canadian forestry is available at:
http://www.nrcan-rncan.gc.ca/cfs-scf/national/portals/forests/issues_e.html
http://www.nrcan-rncan.gc.ca/cfs-scf/national/portals/forests/info_e.html

Section 5: Export Promotion

5.1 Export Development Corporation

General information about the nature of the promotional activities of the Canadian Export Development Corporation, now renamed as "Export Development Canada" (EDC) may be viewed in the 2000 Solid Wood Products Annual Report, CA0187. According to the latest EDC annual report for 2000, services were used by 5,679 Canadian exporting companies to conclude C$45.4 billion in sales and foreign investments in 165 countries and territories. This represents an increase in both the number of customers of nearly 10% and in business volume of 13% from the previous year. The EDC annual report for 2000 may be viewed or downloaded at/from the following website: https://direct.edc-see.ca/corpinfo/pubs/report/2000/index_e.htm

5.2 Program for Export Market Development

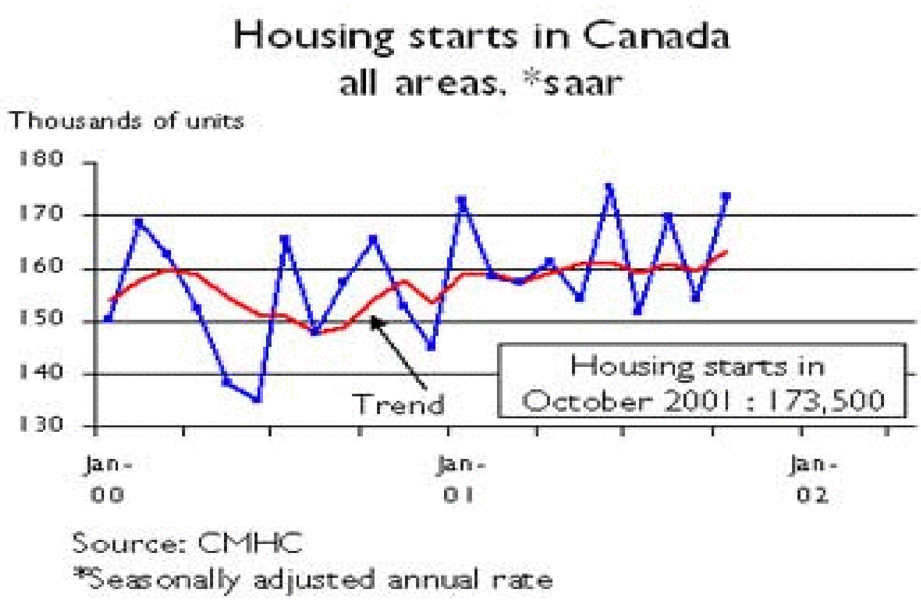
General information about the nature of the promotional activities available through the Program for Export Market Development (PEMD) may be viewed in the 2000 Solid Wood Products Annual Report, CA0187. According to the PEMD Annual Report for 1999/2000, assistance to the agricultural and resources sector (agriculture/forestry/fishing/mining) was C$80,000 based on 13 approved applications. The PEMD annual report for the 1999-2000 may be viewed or

downloaded at/from the following website:
http://www.infoexport.gc.ca/pemd/images/pdf_e/annualReport/PEMD_ar9900-e.pdf

Section 6: Market Segment Analysis

6.1 Construction Sector

According to a November 8 news release from the Canada Mortgage and Housing Corporation (CMHC), the seasonally adjusted annual rate of housing starts in Canada increased 12.7% in October to 173,500 units compared with 154,000 units in September. Urban singles rose 7.2% to an annual rate of 84,800 units from 79,100 in September, the highest annual rate for single starts since March 2000. Urban multiple starts bounced back 20.6% to an annual rate of 67,200 units compared with 55,700. Estimated rural starts climbed to a seasonally adjusted annual rate of 21,500 units. CMHC experts note that urban starts rose in all regions with strong increases in the multiple starts segment in the Prairies, Atlantic and Quebec while Ontario posted a healthy gain in the single starts segment. Low inventories and low mortgage rates continue to fuel new residential construction. Actual urban housing starts since January are still 7.0% higher than the same period in 2000, 117,215 units compared with 109,741 units. While the single detached market increased 4.0%, the main source of strength this year remains the multiple market, up 11%.



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P ri H g r

Quarterly studies on the status of prefabricated housing are available on-line at Industry Canada's Manufacturing Industries Branch Quarterly Review website. The latest prefabricated housing review may be seen at: http://strategis.ic.gc.ca/SSG/fb01347e.html

6.3 Kitchen Cabinets Sector

Quarterly studies on the status of kitchen cabinets are available on-line at Industry Canada's Manufacturing Industries Branch website. The latest kitchen cabinet review may be seen at: http://strategis.ic.gc.ca/SSG/fb01349e.html

6.4 Windows and Doors Sector

Quarterly studies on the status of the windows and doors sector are available on-line at Industry Canada's Manufacturing Industries Branch website. The latest kitchen cabinet review may be seen at: http://strategis.ic.gc.ca/SSG/fb01348e.html

An index of quarterly reviews may be viewed at Industry Canada's Manufacturing Industries Branch website: http://strategis.ic.gc.ca/SSG/fb01223e.html#housing

Section 7: Strategic Indicator Tables

7.1 Market Segments

A. Construction Sector

CONSTRUCTION MARKET			
Country: Canada	Previous	Current	Following
Report Year: 2001	Calendar Year	Calendar Year	Calendar Year
Total Housing Starts (thousand units)	165	174	170
--of which, wood frame (thousand units)	na	na	na
--of which, steel, masonry, other materials (thousand units)	na	na	na
--of total starts, residential (thousand units)	165	174	170
----of residential, single family (thousand units)	73	85	80
----of residential, multi-family (thousand units)	72	67	70
--of total starts, rural (thousand units)	20	22	20
Total Value of Commercial Construction Market ($US million)	na	na	na
Total Value of Repair and Remodeling Market ($US million)	na	na	na

B. Furniture Sector

FURNITURE & INTERIORS MARKET			
Country: Canada	Previous	Current	Following
Report Year: 2001	Calendar Year	Calendar Year	Calendar Year
Total Housing Starts (number of units)	165	174	170
Total Number of Households (million)	12	12	12
Furniture Production ($US million)	6,030	6,645	na
Total Furniture Imports ($US million)	3,273	3,100	3,000
Total Furniture Exports ($US million)	5,190	4,800	4,700
Interiors Market Size ($US million)	4,161	4,431	na

C. Material Handling Sector

MATERIAL HANDLING MARKET 1/			
Country: Canada	Previous	Current	Following
Report Year: 2001	Calendar Year	Calendar Year	Calendar Year
New Pallet Production (million units)	na	na	na
Total Value of Exports to the World ($US million)	135	119	120
Total Value of Exports to the US ($US million)	135	119	119
Value of Exports to the US as % of World	99.6%	99.8%	99.2%
Total Value of Imports from the World ($US million)	25	23	20
Total Value of Imports from the US ($US million)	22	20	18
Value of Imports to the US as % of World	89.6%	87.4%	90.0%
/1 For HS code 4415			

7.2 Forest Area

FOREST AREA			
Country: Canada	Previous	Current	Following
Report Year: 2001	Calendar Year	Calendar Year	Calendar Year
Total Land Area (million ha.)	922	922	922
Total Forest Area (million ha.)	418	418	418
--of which, Commercial ('000 ha.)	244,572	244,600	244,600
----of commercial, tropical hardwood ('000 ha.)	na	na	na
----of commercial, temperate hardwood ('000 ha.)	36,686	36,690	36,690
----of commercial, softwood ('000 ha.)	163,863	163,882	163,882
Forest Type			
--of which, virgin ('000 ha.)	na	na	na
--of which, plantation ('000 ha.)	na	na	na
--of which, other commercial (regrowth) ('000 ha.)	na	na	na
Total Volume of Standing Timber (thousand m^3)	51,129,000	51,129,000	51,129,000
--of which, Commercial Timber ('000 m^3)	26,160,000	26,160,000	26,160,000
Annual Timber Removal ('000 m^3) 1/	174,500	176,600	175,000
Annual Timber Growth Rate ('000 m^3)	na	na	na
Annual Allowable Cut ('000 m^3)	240,900	232,800	232,800
1/ If Removals exceeds growth rate, analyze impact in text.			

7.3 Solid Wood Subsidies

WOOD PRODUCTS SUBSIDIES			
Country: Canada	Previous	Current	Following
Report Year: 2001	Calendar Year	Calendar Year	Calendar Year
Total Solid Wood Export Subsidy Outlay ($US million)	na	na	na
Is there a ban on the export of logs, lumber, or veneer? 1/	no	no	no
Are there export taxes (yes/no)? 2/	no	no	no
Total Wood Production Subsidy ($US million)	na	na	na
Scope (thousands of ha.)	na	na	na
Are there other wood products export expansion activities? 1/	yes	yes	yes
1/ If yes, describe in report.			
2/ If yes, identify in Tariff and Tax Strategic Indicator Table.			

7.4 Tariffs and Taxes

FOREST PRODUCT TARIFFS AND TAXES (PERCENT %)		Tariff	Tariff	Other		
	Product	Current	Following	Import	Total Cost	Export
	Description	Year	Year	Taxes/Fees	of Import	Tax
4401		0%	0%			
4403		0%	0%			
4404		0%	0%			
4405		0%	0%			
4406		0%	0%			
4407		0%	0%			
4408		0%	0%			
4409		0%	0%			
4410		0%	0%			
4411		0%	0%			
4412		0%	0%			
4413		0%	0%			
4414		0%	0%			
4415		0%	0%			
4416		0%	0%			
4417		0%	0%			
4418		0%	0%			
4419		0%	0%			
4420		0%	0%			
4421		0%	0%			
4422		0%	0%			
4423		0%	0%			
4424		0%	0%			
4425		0%	0%			
Pre-fabricated Houses, a subsection under chapter 96		0%	0%			

For more information, visit the following websites:

Export Development Corporation: http://www.edc-see.ca/

Industry Canada (Forest Sector): http://strategis.ic.gc.ca/sc_indps/sectors/engdoc/fmbp_hpg.html

Council of Forest Industries: http://www.cofi.org

British Columbia Ministry of Forests: http://www.gov.bc.ca/for/

National Forestry Database Program: http://nfdp.ccfm.org/

Natural Resources Canada: http://www.nrcan-rncan.gc.ca/cfs-scf/national/what-quoi/sof/

The Canadian Department of Foreign Affairs and International Trade:
http://www.dfait-maeci.gc.ca/~eicb/softwood/lumber-e.htm

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Visit our headquarter's home page at http://www.fas.usda.gov for a complete listing of FAS' worldwide agricultural reporting.

Related FAS/Ottawa reports:

Report Number	Title of Report	Date
CA1165	B.C. Pine Beetle Population Hits Epidemic Proportions	11/29/2001
CA1158	B.C. to Sign Agreements to Open Lumber Markets in China	11/09/2001
CA1158	Chretien's Free Trade Remarks Welcomed by B.C. Lumber Group	11/09/2001
CA1156	Reaction to DOC Anti-Dumping Duties Imposed on Softwood Lumber	11/01/2001
CA1145	EDC Mid-Year Review Results	10/11/2001
CA1142	Cedar Groups Want Exemption from U.S. Duties on Softwood	10/04/2001
CA1120	Canada Welcomes WTO Decisions in Softwood Lumber Dispute	8/30/2001
CA1116	Canada Launches WTO Challenge of U.S. Softwood Lumber Actions	8/22/2001
CA1116	EU Wood Packaging Requirements	8/22/2001
CA1116	Fisheries Minister Comments on U.S. Lumber Dispute/Gas Pipeline Project	8/22/2001
CA1113	Canada Critical of U.S. Decisions over Softwood Lumber Dispute	8/16/2001
CA1111	GOC Reaction to DOC Countervailing Duty Ruling on Canadian SW Lumber	8/15/2001
CA1109	Export Development Corporation Launches New Export Service	8/10/2001
CA1109	Pettigrew Welcomes U.S. Decision to Exempt Atlantic Canada from Lumber Investigation	8/10/2001
CA1109	Canada Attempts to Disprove Lumber Dumping	8/10/2001
CA1106	Wood Packaging Certification Program	8/02/2001

CA1106	Canadian Lumber Industry Reaction to Lumber Case Delay	8/02/2001
CA1102	B.C. Increases Tree Harvest to Combat Beetle Infestation	7/26/2001
CA1101	Trade Minister Pettigrew Met with American Consumers for Affordable Homes	7/19/2001
CA1090	B.C. to Battle Beetle Epidemic	6/28/2001
CA1090	Canada Files Evidence in Softwood Lumber Case	6/28/2001
CA1074	Canadian Exporters Helped by New Russian Building Codes	5/17/2001
CA1071	Canada Takes Action to Prevent Entry of Sudden Oak Death	5/10/2001
CA1066	Pettigrew Comments on U.S. Initiation of Lumber Investigations	4/27/2001
CA1063	Status of U.S.-Canada Softwood Lumber Dispute	4/16/2001
CA1052	Pettigrew Announces Monitoring Measure for Softwood Lumber Exports to the U.S.	3/29/2001
CA1049	Forest Industry Consensus on Lumber Divided - BC Now Favors Export Tax	3/21/2001
CA1037	Canada's Ambassador Fights Back Over Softwood Lumber	3/06/2001
CA1009	Provinces Under SLA Want Similar Treatment Under New Lumber Deal	1/26/2001
CA1005	Canada Announces WTO Consultations with US Over Softwood Lumber	1/18/2001
CA0187	Solid Wood Products Annual 2000	11/30/2000

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